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**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

SEC FILE NUMBER
8- 43303

Washington DC
401

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 10-01-11 AND ENDING 09-30-12
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: L.M. Kohn & Company
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
9810 Montgomery Road

OFFICIAL USE ONLY
FIRM I.D. NO.

(No. and Street)
Cincinnati OH 45242-6414
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Craig Johnson (513) 621-1188
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

J. D. Cloud & Co. L.L.P. Certified Public Accountants

(Name - if individual, state last, first, middle name)

1100 Mercantile Center, 120 East Fourth St. Cincinnati OH 45202
(Address) (City) (State) (Zip Code)

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.

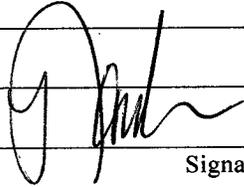
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*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

11/27

OATH OR AFFIRMATION

I, Larry M. Kohn, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of L.M. Kohn & Company, as of September 30, 2012, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:



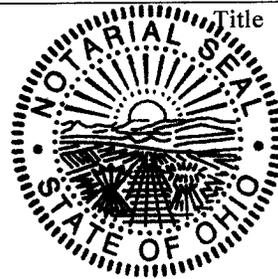
Larry M. Kohn

Signature

President

Sandra L. Smith

Notary Public



SANDRA L. SMITH
NOTARY PUBLIC
STATE OF OHIO
Recorded in
Clermont County
My Comm. Exp. 2/27/15

This report ** contains (check all applicable boxes):

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital.
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

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L.M. KOHN & COMPANY
FINANCIAL STATEMENTS
For the year ended September 30, 2012

L.M. KOHN & COMPANY

FINANCIAL STATEMENTS

For the year ended September 30, 2012

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INDEPENDENT AUDITORS' REPORT

To the Shareholder
L.M. Kohn & Company
Cincinnati, Ohio

We have audited the accompanying statement of financial condition of L.M. Kohn & Company (an S corporation) as of September 30, 2012, and the related statements of income, shareholder's equity and cash flows for the year then ended that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of L.M. Kohn & Company as of September 30, 2012, and the results of its operations and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information contained in Schedules I, II and III, required by Rule 17a-5 under the Securities Exchange Act of 1934, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

J.D. Cloud & Co. L.L.P.
Certified Public Accountants

November 19, 2012

L.M. KOHN & COMPANY

STATEMENT OF FINANCIAL CONDITION

At September 30, 2012

- ASSETS -

CURRENT ASSETS:

Cash and cash equivalents	\$ 1,053,653
Deposits with clearing organizations	35,007
Receivables -	
Clearing organizations and broker-dealers	923,957
Advisory customers	86,109
	<u>1,010,066</u>
Marketable securities owned, at fair value	41,922
Federal tax deposit	82,965
TOTAL CURRENT ASSETS	<u>2,223,613</u>

FIXED ASSETS - NET

55,643

TOTAL ASSETS

\$ 2,279,256

- LIABILITIES AND SHAREHOLDER'S EQUITY -

CURRENT LIABILITIES:

Commissions payable	\$ 787,023
Other liabilities	69,981
TOTAL CURRENT LIABILITIES	<u>857,004</u>

SHAREHOLDER'S EQUITY:

Common stock; no par value, 100 shares authorized, issued and outstanding	5,000
Contributed capital	3,000
Retained earnings	1,395,130
Accumulated other comprehensive income	19,122
TOTAL SHAREHOLDER'S EQUITY	<u>1,422,252</u>

**TOTAL LIABILITIES AND
SHAREHOLDER'S EQUITY**

\$ 2,279,256

The accompanying notes to financial statements are an integral part of these statements.

L.M. KOHN & COMPANY

STATEMENT OF INCOME

For the year ended September 30, 2012

REVENUE:	
Commission income	\$ 9,877,925
Management and investment advisory income	3,417,739
Other revenue	<u>1,046,212</u>
TOTAL REVENUE	<u>14,341,876</u>
OPERATING EXPENSES:	
Commissions	10,427,532
Employee compensation and benefits	1,869,797
Selling, general and administrative expenses	<u>1,108,617</u>
TOTAL OPERATING EXPENSES	<u>13,405,946</u>
NET INCOME	\$ <u>935,930</u>

J. D. CLOUD & CO., L.L.P., CERTIFIED PUBLIC ACCOUNTANTS, CINCINNATI

The accompanying notes to financial statements are an integral part of these statements.

L.M. KOHN & COMPANY

STATEMENT OF SHAREHOLDER'S EQUITY

For the year ended September 30, 2012

	Common <u>Stock</u>	Contributed <u>Capital</u>	Retained <u>Earnings</u>	Accumulated Other Comprehensive <u>Income</u>	Total Shareholder's <u>Equity</u>
Balance – October 1, 2011	\$ 5,000	3,000	1,059,200	18,852	<u>1,086,052</u>
Comprehensive income:					
Net income	-	-	935,930	-	935,930
Unrealized gain on marketable securities owned	-	-	-	270	<u>270</u>
Total comprehensive income					<u>936,200</u>
Distributions to shareholder	<u>-</u>	<u>-</u>	<u>(600,000)</u>	<u>-</u>	<u>(600,000)</u>
Balance – September 30, 2012	\$ <u>5,000</u>	<u>3,000</u>	<u>1,395,130</u>	<u>19,122</u>	<u>1,422,252</u>

J. D. CLOUD & CO. L.L.P., CERTIFIED PUBLIC ACCOUNTANTS, CINCINNATI

The accompanying notes to financial statements are an integral part of these statements.

L.M. KOHN & COMPANY

STATEMENT OF CASH FLOWS

For the year ended September 30, 2012

CASH FLOWS FROM OPERATING ACTIVITIES:

Net income	\$ 935,930
Adjustments to reconcile net income to net cash flows from operating activities:	
Depreciation expense	14,469
Changes in assets and liabilities:	
Increase in receivables	(570,832)
Increase in other assets	(16,728)
Increase in commissions payable	479,621
Increase in other liabilities	<u>28,380</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>870,840</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Distributions to shareholder	<u>(600,000)</u>
------------------------------	------------------

NET CHANGE IN CASH AND CASH EQUIVALENTS 270,840

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR 782,813

CASH AND CASH EQUIVALENTS AT END OF YEAR \$ 1,053,653

J. D. CLOUD & CO. L.L.P., CERTIFIED PUBLIC ACCOUNTANTS, CINCINNATI

The accompanying notes to financial statements are an integral part of these statements.

L.M. KOHN & COMPANY
NOTES TO FINANCIAL STATEMENTS

At September 30, 2012

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

L.M. Kohn & Company (the "Company") is a fully-disclosed introducing broker-dealer, located in Cincinnati, Ohio. The Company's primary source of revenue is derived from investment advisory fees, servicing fees, and commissions by acting as a securities broker-dealer for independent investment representatives who place their securities orders through the Company. The Company also derives revenues from providing private portfolio management and brokerage services to individuals and institutional investors in a variety of industries. The Company is registered with the Securities and Exchange Commission (SEC) and is a member of the Financial Industry Regulatory Authority (FINRA).

It is the policy of the Company to employ U.S. generally accepted accounting principles in the preparation of its financial statements. A summary of the Company's significant accounting policies follows:

ACCOUNTING ESTIMATES-

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS-

The Company considers all highly liquid investments with a maturity of three months or less at the date of acquisition to be cash equivalents.

DEPOSITS WITH CLEARING ORGANIZATIONS-

The Company is required to maintain a deposit with each of its clearing organizations, which allows the Company to serve as an "introducing broker" into the clearing organizations system. These amounts are not able to be withdrawn from the clearing organizations and, therefore, have been restricted.

RECEIVABLES FROM CLEARING ORGANIZATIONS AND BROKER-DEALERS-

Receivables from clearing organizations are stated at the amount billed and represent uncollateralized obligations due under normal trade terms requiring payment within 30 days. Receivables from broker-dealer services are stated at amounts billed directly from investment companies and represent amounts due to the Company within 30 days. Management reviews the accounts receivable and records an allowance for bad debts when considered necessary. Based on these reviews, management has determined that an allowance is not necessary at September 30, 2012. Receivables are written off once management has determined the amounts to be uncollectible.

NOTES TO FINANCIAL STATEMENTS

At September 30, 2012
(Continued)

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

MARKETABLE SECURITIES OWNED-

Accounting guidance establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three broad input levels are as follows:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the reporting date;

Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly or indirectly; and

Level 3 – inputs that are unobservable for the asset or liability.

A financial asset's or liability's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

Marketable securities consist entirely of NASDAQ common shares and are valued using quoted market prices and, therefore, categorized as level 1 fair value asset. The change in fair value related to the securities owned in the current year has been included as a separate component of shareholder's equity. This change in fair value is the sole component of accumulated other comprehensive income.

FIXED ASSETS-

Furniture and equipment are stated at cost and are depreciated over the estimated useful lives of the related assets ranging from three to seven years. Leasehold improvements are stated at cost and are amortized over the lesser of the economic useful life of the improvement or the term of the lease. Depreciation and amortization are provided on the straight-line and accelerated methods.

COMMISSIONS PAYABLE-

Commissions payable represent amounts due to independent sales representatives. Amounts owed to the independent sales representatives have been calculated by the Company based on the terms agreed to between the Company and the independent sales representative and are generally payable within 30 days.

INCOME TAXES-

The Company has elected to be taxed in accordance with Subchapter S of the Internal Revenue Code (IRC) and applicable state law. As such, the Company is not generally liable for federal or state income taxes on its taxable income. Accordingly, no provision for income taxes is included in the accompanying financial statements. The Company maintains a tax deposit with the Internal Revenue Service to retain its fiscal year of September 30.

L.M. KOHN & COMPANY

NOTES TO FINANCIAL STATEMENTS

At September 30, 2012
(Continued)

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

INCOME TAXES (Continued)-

The Company recognizes the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. In determining its tax positions, the Company assumes that the positions will be examined by the appropriate taxing authority and the taxing authority would have full knowledge of all relevant information. The measurement of tax positions is based on managements' best judgment of the amount the Company would ultimately accept in a settlement with taxing authorities. The Company has no uncertain tax positions at September 30, 2012. Tax years subsequent to September 30, 2008 remain subject to examination by the Internal Revenue Service.

NOTE 2 - FIXED ASSETS - NET

Fixed assets consist of the following at September 30, 2012:

Furniture and fixtures	\$ 82,232
Equipment	117,908
Leasehold improvements	<u>104,220</u>
	304,360
Accumulated depreciation	<u>(248,717)</u>
Fixed assets-net	\$ <u>55,643</u>

NOTE 3 - RELATED PARTY LEASE

The Company leases certain office space from the shareholder's spouse for \$7,300 per month under an agreement that expires on December 31, 2013. Total rent paid under this agreement was \$87,600 in the year ended September 30, 2012. The Company has the option to renew the lease for an additional five years at \$8,000 per month, totaling \$96,000 annually. Future non-cancellable lease payments under the agreement are as follows:

Year ending September 30,	
2013	\$ 87,600
2014	<u>21,900</u>
	\$ <u>109,500</u>

NOTE 4 - SUBORDINATED BORROWINGS

The Company had no liabilities subordinated to the claims of general creditors during the year. Therefore, no statement of changes in liabilities subordinated to the claim of general creditors is presented in these financial statements.

L.M. KOHN & COMPANY

NOTES TO FINANCIAL STATEMENTS

At September 30, 2012

(Continued)

NOTE 5 - NET CAPITAL REQUIREMENTS

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, may not exceed 15 to 1. The Rule also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1. The Company's minimum net capital requirement is the greater of \$50,000 or 6 2/3% of its aggregate indebtedness. At September 30, 2012, the Company had net capital, as computed under Rule 15c3-1, of \$1,163,226 which was \$1,106,092 in excess of the minimum net capital requirement. The Company had aggregate indebtedness of \$857,004 as of September 30, 2012, and the ratio of aggregate indebtedness to net capital, as defined, was .74 to 1.

NOTE 6 - RETIREMENT PLAN

The Company maintains a Simple IRA plan and provides 100% matching on employee contributions up to 3% of the employee's salary. The Company made matching contributions of \$48,908 in the year ended September 30, 2012.

NOTE 7 - EXEMPTION FROM RULE 15c3-3

The Company acts as an introducing broker or dealer, promptly transmitting all funds and delivering all securities received in connection with its activities as a broker or dealer and does not otherwise hold funds or securities for customers or owe money or securities to them. The Company operates under Section (k)(2)(ii) of Rule 15c3-3 of the Securities Exchange Act of 1934 and, therefore, is exempt from the requirements of Rule 15c3-3.

NOTE 8 - FINANCIAL INSTRUMENTS, CONCENTRATIONS, AND RISK

Financial instruments which potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents, receivables, and marketable securities owned. The Company places its cash investments with a high-credit-quality financial institution located in Cincinnati, Ohio. In addition, the Company maintains cash accounts with the clearing organizations. Management does not believe significant concentrations of credit risk exists with respect to these financial instruments.

Marketable securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain marketable securities, it is at least reasonably possible that changes in the values of marketable securities will occur in the near term and that such changes could materially affect the amounts reported within the financial statements.

J. D. CLOUD & CO. L.L.P., CERTIFIED PUBLIC ACCOUNTANTS, CINCINNATI

L.M. KOHN & COMPANY

NOTES TO FINANCIAL STATEMENTS

At September 30, 2012
(Continued)

NOTE 8 - FINANCIAL INSTRUMENTS, CONCENTRATIONS, AND RISK (Continued)

The Company's activities involve the execution, settlement, and financing of various customer securities transactions through a clearing broker. These activities may expose the Company to off-balance sheet risk in the event the customer or other broker is unable to fulfill its contractual obligations. In the event counterparties do not fulfill their obligations, the Company may be required to purchase, or sell, financial instruments underlying the contract, which could result in a loss.

NOTE 9 - SUBSEQUENT EVENTS

The Company has evaluated the impact of events that have occurred subsequent to September 30, 2012 and through November 19, 2012, the date the financial statements were available to be issued, for purposes of recognition and disclosure in the financial statements.

J. D. CLOUD & CO. L.L.P., CERTIFIED PUBLIC ACCOUNTANTS, CINCINNATI

L.M. KOHN & COMPANY

SCHEDULE I
COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1
OF THE SECURITIES AND EXCHANGE COMMISSION

As of September 30, 2012

NET CAPITAL:

Total shareholder's equity	\$ 1,422,252
Deduct - shareholder's equity not allowable for net capital	<u> -</u>
Total shareholder's equity qualified for net capital	1,422,252
Liabilities subordinated to claims of general creditors allowable in computation of net capital	<u> -</u>
Other (deductions) or allowable credits	<u> -</u>
Total capital and allowable subordinated liabilities	1,422,252
Deductions and/or charges -	
Non-allowable assets:	
Receivables	93,630
Federal tax deposit	82,965
Fixed assets, net	<u>55,643</u>
Net capital before haircuts on securities positions	1,190,014
Haircuts on securities [computed, where applicable, pursuant to rule 15c3-1(f)]	
Trading and investment securities:	
Other securities	(26,788)
Undue concentrations	<u> -</u>
NET CAPITAL	\$ <u>1,163,226</u>

AGGREGATE INDEBTEDNESS:

Items included in statement of financial condition:	
Commissions payable	\$ 787,023
Other liabilities	<u>69,981</u>
	\$ <u>857,004</u>

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT:

Greater of 6 2/3% of aggregate indebtedness or \$50,000:	
6 2/3% of aggregate indebtedness	\$ <u>57,134</u>
Minimum dollar net capital requirement	<u>50,000</u>
Excess net capital	\$ <u>1,106,092</u>
Excess net capital at 1000%	\$ <u>1,077,526</u>
Ratio of aggregate indebtedness to net capital	<u>.74 to 1</u>

Note: There are no material differences between the preceding computation and the Company's corresponding unaudited part II of form x-17A-5 as of September 30, 2012.

See Independent Auditors' Report.

L.M. KOHN & COMPANY
SCHEDULES II and III - COMPUTATION FOR DETERMINATION OF RESERVE
REQUIREMENTS AND INFORMATION RELATING TO
POSSESSION OR CONTROL REQUIREMENTS PURSUANT TO RULE 15c3-3
OF THE SECURITIES AND EXCHANGE COMMISSION

As of September 30, 2012

The Company is not required to present the schedules "Computation for Determination of Reserve Requirements Under Rule 15c3-3" and "Information for Possession of Control Requirements under Rule 15c3-3" as it meets the exemptive provisions of Rule 15c3-3 under Section (k)(2)(ii) of the Rule.

See Independent Auditors' Report.



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**INDEPENDENT AUDITORS' REPORT ON
INTERNAL ACCOUNTING CONTROL
REQUIRED BY SEC RULE 17a-5**

To the Shareholder
L.M. Kohn & Company
Cincinnati, Ohio

In planning and performing our audit of the financial statements of L.M. Kohn & Company (the "Company") as of and for the year ended September 30, 2012, in accordance with U.S. generally accepted auditing standards, we considered the Company's internal control over financial reporting (internal control), as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company, including consideration of control activities for safeguarding securities. This study included tests of such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons and recordation of differences required by Rule 17a-13.
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control and the practices and procedures referred to above, errors or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A significant deficiency* is a deficiency, or combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Company's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at September 30, 2012, to meet the SEC's objectives.

This report is intended solely for the information and use of the shareholder, management, the SEC, the Financial Industry Regulatory Authority and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

J. D. Cloud, C.L.L.P.
Certified Public Accountants

November 19, 2012



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**INDEPENDENT AUDITORS' REPORT ON
APPLYING AGREED-UPON PROCEDURES
RELATED TO AN ENTITY'S SIPC
ASSESSMENT RECONCILIATION**

To the Shareholder
L.M. Kohn & Company
Cincinnati, Ohio

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934, we have performed the procedures enumerated below with respect to the accompanying Schedule of Assessment and Payments [General Assessment Reconciliation (Form SIPC-7)] to the Securities Investor Protection Corporation (SIPC) for the year ended September 30, 2012, which were agreed to by L.M. Kohn & Company (the "Company") and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., and SIPC, solely to assist you and the other specified parties in evaluating the Company's compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7). The Company's management is responsible for the Company's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures we performed and our findings are as follows:

1. Compared the listed assessment payments in Form SIPC-7 with respective cash disbursement records entries, noting no differences;
2. Compared the amounts reported on the audited Form X-17A-5 for the year ended September 30, 2012, as applicable, with the amounts reported in Form SIPC-7 for the year ended September 30, 2012, noting no differences;
3. Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers, noting no differences;
4. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers supporting the adjustments, noting no differences.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified parties listed above and is not intended to be and should not be used by anyone other than these specified parties.

J. D. Cloud, Co. L.L.P.
Certified Public Accountants

November 19, 2012

General Assessment Reconciliation

For the fiscal year ended 9/30/2012

(Read carefully the instructions in your Working Copy before completing this Form)

TO BE FILED BY ALL SIPC MEMBERS WITH FISCAL YEAR ENDINGS

1. Name of Member, address, Designated Examining Authority, 1934 Act registration no. and month in which fiscal year ends for purposes of the audit requirement of SEC Rule 17a-5:

043303 FINRA SEP
L M KOHN & COMPANY
9810 MONTGOMERY RD
CINCINNATI OH 45242-6414

Note: If any of the information shown on the mailing label requires correction, please e-mail any corrections to form@sipc.org and so indicate on the form filed.

Name and telephone number of person to contact respecting this form.

Larry M. Kohn
(513) 792-0301 x 204

2. A. General Assessment (item 2e from page 2)	\$	<u>16,507</u>
B. Less payment made with SIPC-6 filed (exclude interest)	(<u>6,430</u>)
<u>April 23, 2012</u> Date Paid		
C. Less prior overpayment applied	(<u>—</u>)
D. Assessment balance due or (overpayment)		<u>10,077</u>
E. Interest computed on late payment (see instruction E) for _____ days at 20% per annum		<u>—</u>
F. Total assessment balance and interest due (or overpayment carried forward)	\$	<u>10,077</u>
G. PAID WITH THIS FORM: Check enclosed, payable to SIPC Total (must be same as F above)	\$	<u>10,077</u>
H. Overpayment carried forward	\$(<u>0</u>)

3. Subsidiaries (S) and predecessors (P) included in this form (give name and 1934 Act registration number):

The SIPC member submitting this form and the person by whom it is executed represent thereby that all information contained herein is true, correct and complete.

L.M. Kohn & Company
(Name of Corporation, Partnership or other organization)

Larry M. Kohn
(Authorized Signature)

Dated the 15 day of November, 20 12

[Signature]
President
(Title)

This form and the assessment payment is due 60 days after the end of the fiscal year. Retain the Working Copy of this form for a period of not less than 6 years, the latest 2 years in an easily accessible place.

SIPC REVIEWER

Dates: Postmarked Received Reviewed

Calculations Documentation Forward Copy

Exceptions:

Disposition of exceptions:

AND GENERAL ASSESSMENT

Amounts for the fiscal period
beginning 10/1/2011
and ending 9/30/2012

Item No.

Eliminate cents

2a. Total revenue (FOCUS Line 12/Part IIA Line 9, Code 4030)

\$ 14,341,876

2b. Additions:

(1) Total revenues from the securities business of subsidiaries (except foreign subsidiaries) and predecessors not included above.

0

(2) Net loss from principal transactions in securities in trading accounts.

0

(3) Net loss from principal transactions in commodities in trading accounts.

0

(4) Interest and dividend expense deducted in determining item 2a.

0

(5) Net loss from management of or participation in the underwriting or distribution of securities.

0

(6) Expenses other than advertising, printing, registration fees and legal fees deducted in determining net profit from management of or participation in underwriting or distribution of securities.

0

(7) Net loss from securities in investment accounts.

0

Total additions

0

2c. Deductions:

(1) Revenues from the distribution of shares of a registered open end investment company or unit investment trust, from the sale of variable annuities, from the business of insurance, from investment advisory services rendered to registered investment companies or insurance company separate accounts, and from transactions in security futures products.

7,302,774

(2) Revenues from commodity transactions.

0

(3) Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions.

0

(4) Reimbursements for postage in connection with proxy solicitation.

0

(5) Net gain from securities in investment accounts.

0

(6) 100% of commissions and markups earned from transactions in (i) certificates of deposit and (ii) Treasury bills, bankers acceptances or commercial paper that mature nine months or less from issuance date.

0

(7) Direct expenses of printing advertising and legal fees incurred in connection with other revenue related to the securities business (revenue defined by Section 16(9)(L) of the Act).

0

(8) Other revenue not related either directly or indirectly to the securities business.
(See Instruction C):

436,209

(Deductions in excess of \$100,000 require documentation)

(9) (i) Total interest and dividend expense (FOCUS Line 22/PART IIA Line 13, Code 4075 plus line 2b(4) above) but not in excess of total interest and dividend income.

\$ 0

(ii) 40% of margin interest earned on customers securities accounts (40% of FOCUS line 5, Code 3960).

\$ 0

Enter the greater of line (i) or (ii)

0

Total deductions

7,738,983

2d. SIPC Net Operating Revenues

\$ 6,602,893

2e. General Assessment @ .0025

\$ 16,507

(to page 1, line 2.A.)